H-4986.1	

SUBSTITUTE HOUSE BILL 2388

State of Washington 55th Legislature 1998 Regular Session

By House Committee on Law & Justice (originally sponsored by Representatives Sheahan, Constantine, Lambert and Costa)

Read first time 02/06/98. Referred to Committee on .

- 1 AN ACT Relating to probate, trust, and estate law; amending RCW
- 2 11.02.005, 11.07.010, 11.54.070, 11.68.110, 11.68.114, 11.114.030,
- 3 83.100.020, and 83.110.010; amending 1997 c 252 s 87 (uncodified);
- 4 amending 1997 c 252 s 89 (uncodified); adding a new chapter to Title 11
- 5 RCW; creating new sections; providing an effective date; and declaring
- 6 an emergency.
- 7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 8 PART I--TESTAMENTARY DISPOSITION OF NONPROBATE ASSETS
- 9 <u>NEW SECTION.</u> **Sec. 101.** SHORT TITLE. This chapter may be known
- 10 and cited as the testamentary disposition of nonprobate assets act.
- 11 <u>NEW SECTION.</u> **Sec. 102.** PURPOSES. The purposes of this chapter
- 12 are to:
- 13 (1) Enhance and facilitate the power of testators to control the
- 14 disposition of assets that pass outside their wills;
- 15 (2) Provide simple procedures for resolution of disputes regarding
- 16 entitlement to such assets; and

p. 1 SHB 2388

- 1 (3) Protect any financial institution or other third party having 2 possession of or control over such an asset and transferring it to a 3 beneficiary duly designated by the testator, unless that third party 4 has been provided notice of a testamentary disposition as required in 5 this chapter.
- NEW SECTION. Sec. 103. CONSTRUCTION--JURISDICTION. (1) When construing sections and provisions of this chapter, the sections and provisions must:
- 9 (a) Be liberally construed and applied to promote the purposes of 10 this chapter;
- (b) Be considered part of a general act that is intended as unified coverage of the subject matter, and no part of this chapter may be deemed impliedly repealed by subsequent legislation if the construction can be reasonably avoided;
- 15 (c) Not be held invalid because of the invalidity of other sections 16 or provisions of this chapter as long as the section or provision in 17 question can be given effect without regard to the invalid section or 18 provision, and to this end the sections or provisions of this chapter 19 are severable;
- 20 (d) Not be construed by reference to section or subsection headings 21 as used in this chapter, since these do not constitute any part of the 22 law;
 - (e) Not be deemed to alter the community or separate property nature of any asset passing outside a testator's will or any individual's community or separate rights to the asset, and a testator's community or separate property rights to the asset are not affected by whether it passes outside the will or, under this chapter, by disposition under the will; and
- (f) Not be construed as authorizing or extending the authority of any financial institution or other third party to sell or otherwise create assets that would pass outside a testator's will upon such terms as would contravene any other applicable federal or state law.
- 33 (2) The sections and provisions of this chapter apply to an owner 34 who dies while a resident of this state on or after the effective date 35 of this section and to a nonprobate asset the disposition of which on 36 the death of the owner would otherwise be governed by the law of this 37 state.

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- NEW SECTION. Sec. 104. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
 - (1)(a) "Actual knowledge" means:

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- (i) For a financial institution, whether acting as personal 5 representative or otherwise, or other third party in possession or 6 7 control of a nonprobate asset, receipt of written notice that: 8 Complies with section 109 of this act; (B) pertains to the testamentary 9 disposition or ownership of a nonprobate asset in its possession or 10 control; and (C) is received by the financial institution or third party after the death of the owner in a time sufficient to afford the 11 12 financial institution or third party a reasonable opportunity to act 13 upon the knowledge; and
- (ii) For a personal representative that is not a financial institution, personal knowledge or possession of documents relating to the testamentary disposition or ownership of a nonprobate asset of the owner sufficient to afford the personal representative reasonable opportunity to act upon the knowledge, including reasonable opportunity for the personal representative to provide the written notice under section 109 of this act.
- (b) For the purposes of (a) of this subsection, notice of more than thirty days is presumed to be notice that is sufficient to afford the party a reasonable opportunity to act upon the knowledge, but notice of less than five business days is presumed not to be a sufficient notice for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.
- 27 (2) "Beneficiary" means the person designated to receive a 28 nonprobate asset upon the death of the owner by means other than the 29 owner's will.
- 30 (3) "Broker" means a person defined as a broker or dealer under the 31 federal securities laws.
- 32 (4) "Date of will" means, as to any nonprobate asset, the date of 33 signature of the will or codicil that refers to the asset and disposes 34 of it.
- 35 (5) "Designate" means a written means by which the owner selects a 36 beneficiary, including but not limited to instruments under contractual 37 arrangements and registration of accounts, and "designation" means the 38 selection.

p. 3 SHB 2388

- 1 (6) "Financial institution" means: A bank, trust company, mutual savings bank, savings and loan association, broker, or issuer of stock or its transfer agent. After June 30, 1999, "financial institution" also includes a credit union.
- 5 (7)(a) "Nonprobate asset" means a nonprobate asset within the 6 meaning of RCW 11.02.005, but excluding the following:
- 7 (i) A right or interest in real property passing under a joint 8 tenancy with right of survivorship;
- 9 (ii) A deed or conveyance for which possession has been postponed 10 until the death of the owner;
- 11 (iii) A right or interest passing under a community property 12 agreement;
- 13 (iv) An individual retirement account or bond; and
- 14 (v) Until July 1, 1999, a credit union account.
- 15 (b) For the definition of "nonprobate asset" relating to revocation 16 of a provision for a former spouse upon dissolution of marriage or 17 declaration of invalidity of marriage, see RCW 11.07.010(5).
- 18 (8) "Owner" means a person who, during life, has beneficial 19 ownership of the nonprobate asset.
- 20 (9) "Request" means a request by the beneficiary for transfer of a nonprobate asset after the death of the owner, if it complies with all 21 22 of the arrangement, including reasonable 23 requirements concerning necessary signatures and regulations of the 24 financial institution or other third party, or by the personal 25 representative of the owner's estate or the testamentary beneficiary, if it complies with the owner's will and any additional conditions of 26 27 the financial institution or third party for such transfer.
- 28 (10) "Testamentary beneficiary" means a person named under the 29 owner's will to receive a nonprobate asset under this chapter, 30 including but not limited to the trustee of a testamentary trust.
- 31 (11) "Third party" means a person, including a financial 32 institution, having possession of or control over a nonprobate asset at 33 the death of the owner, including the trustee of a revocable living 34 trust and surviving joint tenant or tenants.
- NEW SECTION. Sec. 105. DISPOSITION OF NONPROBATE ASSETS UNDER WILL. (1) Subject to community property rights, upon the death of an owner the owner's interest in any nonprobate asset specifically referred to in the owner's will belongs to the testamentary beneficiary

1 named to receive the nonprobate asset, notwithstanding the rights of 2 any beneficiary designated before the date of the will.

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- (2) A general residuary gift in an owner's will, or a will making general disposition of all of the owner's property, does not entitle the devisees or legatees to receive nonprobate assets of the owner.
- (3) A disposition in a will of the owner's interest in "all nonprobate assets" or of all of a category of nonprobate asset under section 104(7) of this act, such as "all of my payable on death bank accounts" or similar language, is deemed to be a disposition of all the nonprobate assets the beneficiaries of which are designated before the date of the will.
- 12 (4) If the owner designates a beneficiary for a nonprobate asset
 13 after the date of the will, the will does not govern the disposition of
 14 that nonprobate asset. If the owner revokes the later beneficiary
 15 designation, the prior will does not govern the disposition of the
 16 nonprobate asset. A beneficiary designation with respect to an asset
 17 that renews without the signature of the owner is deemed to have been
 18 made on the date on which the account was first opened.
- NEW SECTION. Sec. 106. WAIVER OF RIGHT TO DISPOSE OF A NONPROBATE 19 ASSET UNDER WILL. An owner may waive the right to dispose of a 20 specific nonprobate asset by will under this chapter, with or without 21 consideration, by a written instrument signed by the owner and 22 23 delivered to the financial institution or other third party, including 24 but not limited to signature cards or deposit agreements. The waiver 25 is revocable by written instrument delivered to the financial 26 institution or other third party unless the owner has stated that the waiver is to be irrevocable. 27
- 28 NEW SECTION. Sec. 107. CONTROVERSIES BETWEEN BENEFICIARIES AND 29 TESTAMENTARY BENEFICIARIES. This chapter is intended to establish ownership rights to nonprobate assets upon the death of the owner, as 30 between beneficiaries and testamentary beneficiaries. This chapter is 31 32 relevant only as to controversies between these persons, and has no 33 bearing on the right of a person to transfer a nonprobate asset under 34 its terms in the absence of a testamentary provision under this 35 chapter.

p. 5 SHB 2388

Sec. 108. RIGHT TO RELY ON FORM OF NONPROBATE 1 NEW SECTION. ASSET--DISCHARGE OF FINANCIAL INSTITUTION OR OTHER THIRD PARTY. 2 transferring nonprobate assets, a financial institution or other third 3 4 party may rely conclusively and entirely upon the form of the nonprobate asset and the terms of the nonprobate asset arrangement in 5 effect on the date of death of the owner, unless the financial 6 7 institution or other third party has actual knowledge of the existence of a claim by a testamentary beneficiary. A financial institution or 8 9 other third party is not required to inquire as to either the source or 10 ownership of any nonprobate asset in its possession or under its control, or as to the proposed application of an asset so transferred. 11 A transfer of a nonprobate asset in accordance with this section 12 13 constitutes a complete release and discharge of the financial institution or other third party from all claims relating to the 14 15 nonprobate asset, regardless of whether or not the transfer is 16 consistent with the actual ownership of the nonprobate asset.

NEW SECTION. Sec. 109. NOTICE--FORM--LIMITATION ON LIABILITY FOR 17 18 FAILURE TO PROVIDE NOTICE. (1) Written notice under this chapter must 19 be served personally or by certified mail, return receipt requested and postage prepaid, on the financial institution or other third party 20 having the nonprobate asset in its possession or control, on the 21 beneficiary, on the testamentary beneficiary, and on the personal 22 23 representative, and proof of the mailing or service must be made by 24 affidavit and filed under the cause number assigned to the owner's 25 estate. Notice to a financial institution must include notice delivered as follows: 26

- (a) If the nonprobate asset was maintained at a specific office of the financial institution, notice must be delivered to the office at which the nonprobate asset was maintained, which notice must be directed to the manager of the office;
- 31 (b) If the nonprobate asset was held in a trust administered by a 32 financial institution, notice must be delivered to the office at which 33 the trust was administered, which notice must be directed to a named 34 officer responsible for the administration of the trust; and
- 35 (c) In all cases, notice must be delivered to any other location 36 and in any other manner specifically designated in a written agreement 37 signed by the owner and the financial institution, including but not 38 limited to a signature card or deposit agreement.

(2) Written notice to a financial institution or other third party 1 of the testamentary disposition of a nonprobate asset under this 2 3 chapter must be in a form substantially similar to the following: 4 NOTICE OF TESTAMENTARY DISPOSITION OF NONPROBATE ASSET 5 6 The undersigned personal representative, petitioner for 7 appointment as personal representative, attorney for the personal representative or petitioner, or testamentary 8 9 beneficiary under the will of the decedent named above (as that 10 term is defined in section 104 of this act) hereby notifies you 11 that the decedent named above died on (DATE MUST BE SUPPLIED) 12 and left a will dated (DATE OF WILL MUST BE SUPPLIED) disposing 13 of the following nonprobate asset or assets in your possession 14 or control: (EACH SUCH ASSET MUST BE DESCRIBED WITH REASONABLE SPECIFICITY. 15 16 FOR ACCOUNTS AT FINANCIAL INSTITUTIONS, THE WRITTEN NOTICE MUST SPECIFY THE OFFICE AT WHICH THE ACCOUNT WAS MAINTAINED, THE 17 NAME OR NAMES IN WHICH THE ACCOUNT WAS HELD, AND THE FULL 18 19 ACCOUNT NUMBER. FOR ASSETS HELD IN TRUST, THE WRITTEN NOTICE 20 MUST SPECIFY THE NAME OR NAMES OF THE GRANTOR, THE NAME OF THE 21 TRUST, IF ANY, AND THE DATE OF THE TRUST INSTRUMENT.) 22 Under chapter 11. -- RCW (sections 101 through 116 of this act), 23 you may not transfer, deliver, or otherwise dispose of the 24 asset or assets listed above in accordance with the beneficiary designation, account registration, or other arrangement made 25 with you by the decedent. You may transfer, deliver, or 26 27 otherwise dispose of the asset or assets listed above only upon 28 receipt of the written direction of the personal representative of the testamentary beneficiary, if the personal 29 30 representative consents. 31 32 33 (CAPACITY OF SIGNER)

34 (3) The personal representative of the estate of the owner, a 35 petitioner for appointment as personal representative, or the 36 testamentary beneficiary may provide written notice under this section.

p. 7 SHB 2388

- 1 The personal representative has no duty to provide written notice under
- 2 this section and has no liability for failing or refusing to give the
- 3 notice.
- 4 (4) Written notice under this section may be provided at any time
- 5 after the death of the owner and before discharge of the personal
- 6 representative on closing of the estate, and may be provided before
- 7 admission to probate of the will.
- 8 <u>NEW SECTION.</u> **Sec. 110.** VESTING OF RIGHTS AND POWERS UNDER
- 9 CHAPTER. The right to provide notice under section 109 of this act and
- 10 the entitlement of the testamentary beneficiary to the nonprobate asset
- 11 vest immediately upon death of the owner. The power of the personal
- 12 representative to direct the financial institution or other third party
- 13 having the nonprobate asset in its possession or under its control to
- 14 transfer or otherwise dispose of the asset arises upon the later of
- 15 appointment of the personal representative or admission of the will to
- 16 probate.
- 17 <u>NEW SECTION.</u> **Sec. 111.** OWNERSHIP RIGHTS AS BETWEEN INDIVIDUALS
- 18 PRESERVED--TESTAMENTARY BENEFICIARY MAY RECOVER NONPROBATE ASSET FROM
- 19 BENEFICIARY--LIMITATION ON ACTION TO RECOVER. (1) The protection
- 20 accorded to financial institutions and other third parties under
- 21 section 108 of this act has no bearing on the actual rights of
- 22 ownership to nonprobate assets as between beneficiaries and
- 23 testamentary beneficiaries, and their heirs, successors, personal
- 24 representatives, and assigns.
- 25 (2) A testamentary beneficiary entitled to a nonprobate asset
- 26 otherwise transferred to a beneficiary not so entitled, and a personal
- 27 representative of the owner's estate on behalf of the testamentary
- 28 beneficiary, may petition the superior court having jurisdiction over
- 20 Deficitedary, may peciation one baperior court having juributecion over
- 29 the owner's estate for an order declaring that the testamentary
- 30 beneficiary is so entitled, the hearing of the petition to be held in
- 31 accordance with chapter 11.96 RCW.
- 32 (3) A testamentary beneficiary claiming a nonprobate asset who has
- 33 not filed such a petition within the earlier of: (a) Six months from
- 34 the date of admission of the will to probate; and (b) one year from the
- 35 date of the owner's death, shall be forever barred from making such a
- 36 claim or commencing such an action.

- 1 NEW SECTION. Sec. 112. NONPROBATE ASSETS NOT PROPERTY OF ESTATE.
- 2 (1) Notwithstanding any provision of this chapter, a nonprobate asset
- 3 disposed of under the owner's will may not be treated as a part of the
- 4 owner's probate estate for any other purpose under this title, unless:
- 5 (a) The nonprobate asset is subject to liabilities and claims,
- 6 estate taxes, and expenses of administration under RCW 11.18.200; or
- 7 (b) Any section of this title directs otherwise, by specifically 8 referring to this section.
- 9 (2) Provision of notice under this chapter has no effect on the
- 10 administration of other assets of the estate of the owner. The
- 11 personal representative has no duty to administer upon a nonprobate
- 12 asset because of providing the notice, unless specifically required by
- 13 this chapter or under RCW 11.18.200.
- 14 (3) RCW 11.12.110, regarding death of a devisee or legatee before
- 15 the testator, does not apply to disposition of a nonprobate asset under
- 16 a will.
- 17 <u>NEW SECTION.</u> **Sec. 113.** TRANSFER OF NONPROBATE ASSET TO
- 18 TESTAMENTARY BENEFICIARY. (1) A financial institution's or third
- 19 party's obligation to transfer a nonprobate asset to a testamentary
- 20 beneficiary arises only after it has actual knowledge of the claim of
- 21 the testamentary beneficiary, and after receiving written direction
- 22 from the personal representative of the owner's estate, or if the
- 23 personal representative consents in writing, from the testamentary
- 24 beneficiary, to make the transfer. The financial institution may also
- 25 require that its customary procedures be followed in effectuating a
- 26 transfer of the nonprobate asset.
- 27 (2) Subject to subsection (1) of this section, financial
- 28 institutions and other third parties may transfer a nonprobate asset
- 29 that has not already been distributed to the testamentary beneficiary
- 30 entitled to the nonprobate asset under the owner's will, subject to
- 31 liabilities and claims, estate taxes, and expenses of administration
- 32 under RCW 11.18.200.
- 33 NEW SECTION. Sec. 114. AUTHORITY TO WITHHOLD TRANSFER. (1) This
- 34 chapter does not require any financial institution or other third party
- 35 to transfer a nonprobate asset to a beneficiary, testamentary
- 36 beneficiary, or other person claiming an interest in the nonprobate
- 37 asset if the financial institution or third party has actual knowledge

p. 9 SHB 2388

of the existence of a dispute between beneficiaries, testamentary 1 2 beneficiaries, or other persons concerning rights or ownership to the nonprobate asset under this chapter, or if the financial institution or 3 third party is otherwise uncertain as to who is entitled to receive the 4 5 nonprobate asset under this chapter. In any such case, the financial institution or third party may, without liability, notify in writing 6 7 all beneficiaries, testamentary beneficiaries, or other persons 8 claiming an interest in the nonprobate asset of either its uncertainty 9 as to who is entitled to transfer of the nonprobate asset or the 10 existence of any dispute, and it may also, without liability, refuse to 11 transfer a nonprobate asset to a beneficiary or a testamentary 12 beneficiary until such time as either:

- 13 (a) All the beneficiaries, testamentary beneficiaries, and other 14 interested persons have consented in writing to the transfer; or
- 15 (b) The transfer is authorized or directed by a court of proper 16 jurisdiction.
- 17 (2) The expense of obtaining the written consent or court 18 authorization or direction may, by order of the court, be paid by the 19 personal representative as an expense of administration.
- ADVERSE CLAIM BOND. Notwithstanding 20 NEW SECTION. Sec. 115. 21 section 114 of this act, a financial institution or other third party 22 having actual knowledge of the existence of a dispute between 23 beneficiaries, a testamentary beneficiary, or other persons concerning 24 rights to a nonprobate asset under this chapter may condition transfer of the nonprobate asset on execution, in form and with security 25 acceptable to the financial institution or other third party, of a bond 26 27 in an amount that is double the fair market value of the nonprobate asset on the date of the owner's death or the amount of any adverse 28 29 claim, whichever is the lesser, indemnifying the financial institution 30 or other third party from any and all liability, loss, damage, costs, 31 and expenses, for and on account of transfer of the nonprobate asset.
- NEW SECTION. Sec. 116. APPLICATION OF CHAPTER. This chapter applies to any will of an owner who dies while a resident of this state on or after the effective date of this section, regardless of whether the will was executed or republished before or after the effective date of this section and regardless of whether the beneficiary of the

- 1 nonprobate asset was designated before or after the effective date of
- 2 this section.

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- 3 **Sec. 117.** RCW 11.02.005 and 1997 c 252 s 1 are each amended to 4 read as follows:
- 5 When used in this title, unless otherwise required from the 6 context:
- 7 (1) "Personal representative" includes executor, administrator, 8 special administrator, and guardian or limited guardian and special 9 representative.
- 10 (2) "Net estate" refers to the real and personal property of a 11 decedent exclusive of homestead rights, exempt property, the family 12 allowance and enforceable claims against, and debts of, the deceased or 13 the estate.
- 14 (3) "Representation" refers to a method of determining distribution 15 in which the takers are in unequal degrees of kinship with respect to 16 the intestate, and is accomplished as follows: After first determining who, of those entitled to share in the estate, are in the nearest 17 18 degree of kinship, the estate is divided into equal shares, the number 19 of shares being the sum of the number of persons who survive the intestate who are in the nearest degree of kinship and the number of 20 persons in the same degree of kinship who died before the intestate but 21 22 who left issue surviving the intestate; each share of a deceased person 23 in the nearest degree shall be divided among those of the deceased 24 person's issue who survive the intestate and have no ancestor then 25 living who is in the line of relationship between them and the intestate, those more remote in degree taking together the share which 26 their ancestor would have taken had he or she survived the intestate. 27 28 Posthumous children are considered as living at the death of their 29 parent.
- 30 (4) "Issue" includes all the lawful lineal descendants of the 31 ancestor and all lawfully adopted children.
 - (5) "Degree of kinship" means the degree of kinship as computed according to the rules of the civil law; that is, by counting upward from the intestate to the nearest common ancestor and then downward to the relative, the degree of kinship being the sum of these two counts.
- 36 (6) "Heirs" denotes those persons, including the surviving spouse, 37 who are entitled under the statutes of intestate succession to the real 38 and personal property of a decedent on the decedent's death intestate.

p. 11 SHB 2388

- 1 (7) "Real estate" includes, except as otherwise specifically 2 provided herein, all lands, tenements, and hereditaments, and all 3 rights thereto, and all interest therein possessed and claimed in fee 4 simple, or for the life of a third person.
- 5 (8) "Will" means an instrument validly executed as required by RCW 6 11.12.020.
- 7 (9) "Codicil" means a will that modifies or partially revokes an 8 existing earlier will. A codicil need not refer to or be attached to 9 the earlier will.
- 10 (10) "Guardian" or "limited guardian" means a personal 11 representative of the person or estate of an incompetent or disabled 12 person as defined in RCW 11.88.010 and the term may be used in lieu of 13 "personal representative" wherever required by context.
- (11) "Administrator" means a personal representative of the estate of a decedent and the term may be used in lieu of "personal representative" wherever required by context.
- 17 (12) "Executor" means a personal representative of the estate of a 18 decedent appointed by will and the term may be used in lieu of 19 "personal representative" wherever required by context.
- 20 (13) "Special administrator" means a personal representative of the 21 estate of a decedent appointed for limited purposes and the term may be 22 used in lieu of "personal representative" wherever required by context.
- (14) "Trustee" means an original, added, or successor trustee and includes the state, or any agency thereof, when it is acting as the trustee of a trust to which chapter 11.98 RCW applies.
- 26 (15) "Nonprobate asset" means those rights and interests of a person having beneficial ownership of an asset that pass on the 27 person's death under a written instrument or arrangement other than the 28 person's will. "Nonprobate asset" includes, but is not limited to, a 29 30 right or interest passing under a joint tenancy with right of survivorship, joint bank account with right of survivorship, payable on 31 death or trust bank account, transfer on death security or security 32 33 account, deed or conveyance if possession has been postponed until the death of the person, trust of which the person is grantor and that 34 35 becomes effective or irrevocable only upon the person's death, community property agreement, individual retirement account or bond, or 36 37 note or other contract the payment or performance of which is affected by the death of the person. "Nonprobate asset" does not include: A 38 payable-on-death provision of a life insurance policy, annuity, or 39

- 1 other similar contract, or of an employee benefit plan; a right or
- 2 interest passing by descent and distribution under chapter 11.04 RCW;
- 3 a right or interest if, before death, the person has irrevocably
- 4 transferred the right or interest, the person has waived the power to
- 5 transfer it or, in the case of contractual arrangement, the person has
- 6 waived the unilateral right to rescind or modify the arrangement; or a
- 7 right or interest held by the person solely in a fiduciary capacity.
- 8 For the definition of "nonprobate asset" relating to revocation of a
- 9 provision for a former spouse upon dissolution of marriage or
- 10 declaration of invalidity of marriage, RCW 11.07.010(5) applies. For
- 11 the definition of "nonprobate asset" relating to revocation of a
- 12 provision for a former spouse upon dissolution of marriage or
- 13 <u>declaration of invalidity of marriage, see RCW 11.07.010(5)</u>. For the
- 14 <u>definition of "nonprobate asset" relating to testamentary disposition</u>
- 15 of nonprobate assets, see section 104(7) of this act.
- 16 (16) "Internal Revenue Code" means the United States Internal
- 17 Revenue Code of 1986, as amended or renumbered on January 1, ((1997))
- 18 1998.
- 19 Words that import the singular number may also be applied to the
- 20 plural of persons and things.
- 21 Words importing the masculine gender only may be extended to
- 22 females also.
- 23 **Sec. 118.** RCW 11.07.010 and 1997 c 252 s 2 are each amended to 24 read as follows:
- 25 (1) This section applies to all nonprobate assets, wherever
- 26 situated, held at the time of entry by a superior court of this state
- 27 of a decree of dissolution of marriage or a declaration of invalidity.
- 28 (2)(a) If a marriage is dissolved or invalidated, a provision made
- 29 prior to that event that relates to the payment or transfer at death of
- 30 the decedent's interest in a nonprobate asset in favor of or granting
- 31 an interest or power to the decedent's former spouse is revoked. A
- 32 provision affected by this section must be interpreted, and the
- 33 nonprobate asset affected passes, as if the former spouse failed to
- 34 survive the decedent, having died at the time of entry of the decree of
- 35 dissolution or declaration of invalidity.
- 36 (b) This subsection does not apply if and to the extent that:
- 37 (i) The instrument governing disposition of the nonprobate asset
- 38 expressly provides otherwise;

p. 13 SHB 2388

(ii) The decree of dissolution or declaration of invalidity requires that the decedent maintain a nonprobate asset for the benefit of a former spouse or children of the marriage, payable on the decedent's death either outright or in trust, and other nonprobate assets of the decedent fulfilling such a requirement for the benefit of the former spouse or children of the marriage do not exist at the decedent's death; or

- (iii) If not for this subsection, the decedent could not have effected the revocation by unilateral action because of the terms of the decree or declaration, or for any other reason, immediately after the entry of the decree of dissolution or declaration of invalidity.
- (3)(a) A payor or other third party in possession or control of a nonprobate asset at the time of the decedent's death is not liable for making a payment or transferring an interest in a nonprobate asset to a decedent's former spouse whose interest in the nonprobate asset is revoked under this section, or for taking another action in reliance on the validity of the instrument governing disposition of the nonprobate asset, before the payor or other third party has actual knowledge of the dissolution or other invalidation of marriage. A payor or other third party is liable for a payment or transfer made or other action taken after the payor or other third party has actual knowledge of a revocation under this section.
- (b) This section does not require a payor or other third party to pay or transfer a nonprobate asset to a beneficiary designated in a governing instrument affected by the dissolution or other invalidation of marriage, or to another person claiming an interest in the nonprobate asset, if the payor or third party has actual knowledge of the existence of a dispute between the former spouse and the beneficiaries or other persons concerning rights of ownership of the nonprobate asset as a result of the application of this section among the former spouse and the beneficiaries or among other persons, or if the payor or third party is otherwise uncertain as to who is entitled to the nonprobate asset under this section. In such a case, the payor or third party may, without liability, notify in writing all beneficiaries or other persons claiming an interest in the nonprobate asset of either the existence of the dispute or its uncertainty as to who is entitled to payment or transfer of the nonprobate asset. The payor or third party may also, without liability, refuse to pay or

transfer a nonprobate asset in such a circumstance to a beneficiary or other person claiming an interest until the time that either:

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- (i) All beneficiaries and other interested persons claiming an interest have consented in writing to the payment or transfer; or
- 5 (ii) The payment or transfer is authorized or directed by a court 6 of proper jurisdiction.
 - (c) Notwithstanding subsections (1) and (2) of this section and (a) and (b) of this subsection, a payor or other third party having actual knowledge of the existence of a dispute between beneficiaries or other persons concerning rights to a nonprobate asset as a result of the application of this section may condition the payment or transfer of the nonprobate asset on execution, in a form and with security acceptable to the payor or other third party, of a bond in an amount that is double the fair market value of the nonprobate asset at the time of the decedent's death or the amount of an adverse claim, whichever is the lesser, or of a similar instrument to provide security to the payor or other third party, indemnifying the payor or other third party for any liability, loss, damage, costs, and expenses for and on account of payment or transfer of the nonprobate asset.
 - (d) As used in this subsection, "actual knowledge" means, for a payor or other third party in possession or control of the nonprobate asset at or following the decedent's death, written notice to the payor or other third party, or to an officer of a payor or third party in the course of his or her employment, received after the decedent's death and within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge. The notice must identify the nonprobate asset with reasonable specificity. The notice also must be sufficient to inform the payor or other third party of the revocation of the provisions in favor of the decedent's spouse by reason of the dissolution or invalidation of marriage, or to inform the payor or third party of a dispute concerning rights to a nonprobate asset as a result of the application of this section. Receipt of the notice for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

p. 15 SHB 2388

- (4)(a) A person who purchases a nonprobate asset from a former 1 spouse or other person, for value and without actual knowledge, or who 2 3 receives from a former spouse or other person payment or transfer of a 4 nonprobate asset without actual knowledge and in partial or full 5 satisfaction of a legally enforceable obligation, is neither obligated under this section to return the payment, property, or benefit nor is 6 7 liable under this section for the amount of the payment or the value of 8 the nonprobate asset. However, a former spouse or other person who, 9 with actual knowledge, not for value, or not in satisfaction of a legally enforceable obligation, receives payment or transfer of a 10 nonprobate asset to which that person is not entitled under this 11 section is obligated to return the payment or nonprobate asset, or is 12 13 personally liable for the amount of the payment or value of the nonprobate asset, to the person who is entitled to it under this 14 15 section.
 - (b) As used in this subsection, "actual knowledge" means, for a person described in (a) of this subsection who purchases or receives a nonprobate asset from a former spouse or other person, personal knowledge or possession of documents relating to the revocation upon dissolution or invalidation of marriage of provisions relating to the payment or transfer at the decedent's death of the nonprobate asset, received within a time after the decedent's death and before the purchase or receipt that is sufficient to afford the person purchasing or receiving the nonprobate asset reasonable opportunity to act upon the knowledge. Receipt of the personal knowledge or possession of the documents for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.
- 32 (5) As used in this section, "nonprobate asset" means those rights 33 and interests of a person having beneficial ownership of an asset that 34 pass on the person's death under only the following written instruments 35 or arrangements other than the decedent's will:
- 36 (a) A payable-on-death provision of a life insurance policy, 37 employee benefit plan, annuity or similar contract, or individual 38 retirement account;

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- 1 (b) A payable-on-death, trust, or joint with right of survivorship 2 bank account;
- 3 (c) A trust of which the person is a grantor and that becomes 4 effective or irrevocable only upon the person's death; or
- 5 (d) Transfer on death beneficiary designations of a transfer on 6 death or pay on death security, if such designations are authorized 7 under Washington law.
- 8 ((However, for the general definition of "nonprobate asset" in this
 9 title, RCW 11.02.005 applies.)) For the general definition in this
 10 title of "nonprobate asset," see RCW 11.02.005(15) and for the
 11 definition of "nonprobate asset" relating to testamentary disposition
 12 of nonprobate assets, see section 104(7) of this act.
- 13 (6) This section is remedial in nature and applies as of July 25, 14 1993, to decrees of dissolution and declarations of invalidity entered 15 after July 24, 1993, and this section applies as of January 1, 1995, to 16 decrees of dissolution and declarations of invalidity entered before 17 July 25, 1993.

18 PART II--PROBATE

- 19 **Sec. 201.** RCW 11.54.070 and 1997 c 252 s 54 are each amended to 20 read as follows:
- (1) Except as provided in ((subsection)) RCW 11.54.060(2) ((of this section)), property awarded and cash paid under this chapter is immune from all debts, including judgments and judgment liens, of the decedent and of the surviving spouse existing at the time of death.
- 25 (2) Both the decedent's and the surviving spouse's interests in any 26 community property awarded to the spouse under this chapter are immune 27 from the claims of creditors.
- 28 **Sec. 202.** RCW 11.68.110 and 1997 c 252 s 68 are each amended to 29 read as follows:
- (1) If a personal representative who has acquired nonintervention powers does not apply to the court for either of the final decrees provided for in RCW 11.68.100 as now or hereafter amended, the personal representative shall, when the administration of the estate has been completed, file a declaration that must state as follows:
- 35 (a) The date of the decedent's death and the decedent's residence 36 at the time of death;

p. 17 SHB 2388

(b) Whether or not the decedent died testate or intestate;

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- 2 (c) If the decedent died testate, the date of the decedent's last 3 will and testament and the date of the order probating the will;
- 4 (d) That each creditor's claim which was justly due and properly
 5 presented as required by law has been paid or otherwise disposed of by
 6 agreement with the creditor, and that the amount of estate taxes due as
 7 the result of the decedent's death has been determined, settled, and
 8 paid;
- 9 (e) That the personal representative has completed the 10 administration of the decedent's estate without court intervention, and 11 the estate is ready to be closed;
- 12 (f) If the decedent died intestate, the names, addresses (if 13 known), and relationship of each heir of the decedent, together with 14 the distributive share of each heir; and
- (g) The amount of fees paid or to be paid to each of the following:

 (i) Personal representative or representatives; (ii) lawyer or lawyers;

 (iii) appraiser or appraisers; and (iv) accountant or accountants; and

 that the personal representative believes the fees to be reasonable and

 does not intend to obtain court approval of the amount of the fees or

 to submit an estate accounting to the court for approval.
 - (2) Subject to the requirement of notice as provided in this section, unless an heir, devisee, or legatee of a decedent petitions the court either for an order requiring the personal representative to obtain court approval of the amount of fees paid or to be paid to the personal representative, lawyers, appraisers, or accountants, or for an order requiring an accounting, or both, within thirty days from the date of filing a declaration of completion of probate, the personal representative will be automatically discharged without further order of the court and the representative's powers will cease thirty days after the filing of the declaration of completion of probate, and the declaration of completion of probate shall, at that time, be the equivalent of the entry of a decree of distribution in accordance with chapter 11.76 RCW for all legal intents and purposes.
- 34 (3) Within five days of the date of the filing of the declaration 35 of completion, the personal representative or the personal representative's lawyer shall mail a copy of the declaration of 36 37 completion to each heir, legatee, or devisee of the decedent, who: (a) Has not waived notice of the filing, in writing, filed in the cause((τ) 38 39 or who, not having waived notice,)); and (b) either has not received

the full amount of the distribution to which the heir, legatee, or devisee is entitled or has a property right that might be affected adversely by the discharge of the personal representative under this section, together with a notice which shall be substantially as follows:

6 CAPTION NOTICE OF FILING OF
7 OF DECLARATION OF COMPLETION
8 CASE OF PROBATE

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9 NOTICE IS GIVEN that the attached Declaration of Completion of 10 Probate was filed by the undersigned in the above-entitled court on the . . . day of , 19. . .; unless you shall file a petition 11 12 in the above-entitled court requesting the court to approve the reasonableness of the fees, or for an accounting, or both, and serve a 13 14 copy thereof upon the personal representative or the personal representative's lawyer, within thirty days after the date of the 15 filing, the amount of fees paid or to be paid will be deemed 16 17 reasonable, the acts of the personal representative will be deemed approved, the personal representative will be automatically discharged 18 19 without further order of the court, and the Declaration of Completion of Probate will be final and deemed the equivalent of a Decree of 20 21 Distribution entered under chapter 11.76 RCW.

If you file and serve a petition within the period specified, the undersigned will request the court to fix a time and place for the hearing of your petition, and you will be notified of the time and place thereof, by mail, or personal service, not less than ten days before the hearing on the petition.

27	Dated this	• •	 day	of	•	•	•	•	•	٠,	1	L9.	•	•							
28																					
29							Р	er	so	na	1	Rep	ore	es	en	ta	ti	ve			

(4) If all heirs, devisees, and legatees of the decedent entitled to notice under this section waive, in writing, the notice required by this section, the personal representative will be automatically discharged without further order of the court and the declaration of completion of probate will become effective as a decree of distribution upon the date of filing thereof. In those instances where the personal representative has been required to furnish bond, and a declaration of completion is filed pursuant to this section, any bond furnished by the

p. 19 SHB 2388

- 1 personal representative shall be automatically discharged upon the
- 2 discharge of the personal representative.
- 3 **Sec. 203.** RCW 11.68.114 and 1997 c 252 s 70 are each amended to 4 read as follows:
- 5 (1) The personal representative retains the powers to: Deal with the taxing authority of any federal, state, or local government; hold 6 7 a reserve in an amount not to exceed three thousand dollars, for the 8 determination and payment of any additional taxes, interest, and penalties, and of all reasonable expenses related directly or 9 indirectly to such determination or payment; pay from the reserve the 10 reasonable expenses, including compensation for services rendered or 11 12 goods provided by the personal representative or by the personal representative's employees, independent contractors, and other agents, 13 14 in addition to any taxes, interest, or penalties assessed by a taxing authority; receive and hold any credit, including interest, from any 15 16 taxing authority; and distribute the residue of the reserve to the intended beneficiaries of the reserve; if: 17
- 18 (a) In lieu of the statement set forth in RCW 11.68.110(1)(e), the 19 declaration of completion of probate states that:
- 20 The personal representative has completed the 21 administration of the decedent's estate without court 22 intervention, and the estate is ready to be closed, except for 23 the determination of taxes and of interest and penalties 24 thereon as permitted under this section;

25 and

26 (b) The notice of the filing of declaration of completion of 27 probate must be in substantially the following form:

28 CAPTION NOTICE OF FILING OF
29 OF DECLARATION OF COMPLETION
30 CASE OF PROBATE

NOTICE IS GIVEN that the attached Declaration of
Completion of Probate was filed by the undersigned in the
above-entitled court on the . . . day of ,;
unless you file a petition in the above-entitled court
requesting the court to approve the reasonableness of the fees,
or for an accounting, or both, and serve a copy thereof upon

the personal representative or the personal representative's lawyer, within thirty days after the date of the filing:

- (i) The schedule of fees set forth in the Declaration of Completion of Probate will be deemed reasonable;
- (ii) The Declaration of Completion of Probate will be final and deemed the equivalent of a Decree of Distribution entered under chapter 11.76 RCW;
- (iii) The acts that the personal representative performed before the Declaration of Completion of Probate was filed will be deemed approved, and the personal representative will be automatically discharged without further order of the court with respect to all such acts; and
- (iv) The personal representative will retain the power to deal with the taxing authorities, together with \$... for the determination and payment of all remaining tax obligations. Only that portion of the reserve that remains after the settlement of any tax liability, and the payment of any expenses associated with such settlement, will be distributed to the persons legally entitled to the reserve.
- (2) If the requirements in subsection (1) of this section are met, the personal representative is discharged from all claims other than those relating to the settlement of any tax obligations and the actual distribution of the reserve, at the effective date of the declaration of completion. The personal representative is discharged from liability from the settlement of any tax obligations and the distribution of the reserve, and the personal representative's powers cease, thirty days after the personal representative((÷
- $\frac{(a)}{(a)}$) has mailed to those persons who would have shared in the 29 distribution of the reserve had the reserve remained intact((\div)) and
 - distribution of the reserve had the reserve remained intact((+)) and ((+)) has filed with the court copies of checks or receipts showing how the reserve was in fact distributed, unless a person with an interest in the reserve petitions the court earlier within the thirty-day period for an order requiring an accounting of the reserve or an order determining the reasonableness, or lack of reasonableness, of distributions made from the reserve. If the personal representative has been required to furnish a bond, any bond furnished by the personal representative is automatically discharged upon the final discharge of the personal representative.

p. 21 SHB 2388

- 1 **Sec. 204.** 1997 c 252 s 87 (uncodified) is amended to read as
- 2 follows:
- 3 The following acts or parts of acts are each repealed, effective
- 4 December 31, 1997, for estates of decedents dying after December 31,
- 5 1997:
- 6 (1) RCW 11.40.011 and 1989 c 333 s 2, 1983 c 201 s 1, & 1967 ex.s.
- 7 c 106 s 3;
- 8 (2) RCW 11.40.012 and 1989 c 333 s 3;
- 9 (3) RCW 11.40.013 and 1994 c 221 s 26 & 1989 c 333 s 4;
- 10 (4) RCW 11.40.014 and 1989 c 333 s 5;
- 11 (5) RCW 11.40.015 and 1994 c 221 s 27 & 1989 c 333 s 6;
- 12 (6) RCW 11.42.160 and 1994 c 221 s 46;
- 13 (7) RCW 11.42.170 and 1994 c 221 s 47;
- 14 (8) RCW 11.42.180 and 1994 c 221 s 48;
- 15 (9) RCW 11.44.066 and 1990 c 180 s 1 & 1974 ex.s. c 117 s 49;
- 16 (10) RCW 11.52.010 and 1987 c 442 s 1116, 1984 c 260 s 17, 1974
- 17 ex.s. c 117 s 7, 1971 ex.s. c 12 s 2, 1967 c 168 s 12, & 1965 c 145 s
- 18 11.52.010;
- 19 (11) RCW 11.52.012 and 1985 c 194 s 1, 1984 c 260 s 18, 1977 ex.s.
- 20 c 234 s 9, 1974 ex.s. c 117 s 8, & 1965 c 145 s 11.52.012;
- 21 (12) RCW 11.52.014 and 1965 c 145 s 11.52.014;
- 22 (13) RCW 11.52.016 and 1988 c 202 s 18, 1972 ex.s. c 80 s 1, & 1965
- 23 c 145 s 11.52.016;
- 24 (14) RCW 11.52.020 and 1985 c 194 s 2, 1984 c 260 s 19, 1974 ex.s.
- 25 c 117 s 9, 1971 ex.s. c 12 s 3, 1967 c 168 s 13, & 1965 c 145 s
- 26 11.52.020;
- 27 (15) RCW 11.52.022 and 1985 c 194 s 3, 1984 c 260 s 20, 1977 ex.s.
- 28 c 234 s 10, 1974 ex.s. c 117 s 10, 1971 ex.s. c 12 s 4, & 1965 c 145 s
- 29 11.52.022;
- 30 (16) RCW 11.52.024 and 1972 ex.s. c 80 s 2 & 1965 c 145 s
- 31 11.52.024;
- 32 (17) RCW 11.52.030 and 1965 c 145 s 11.52.030;
- 33 (18) RCW 11.52.040 and 1965 c 145 s 11.52.040;
- 34 (19) RCW 11.52.050 and 1967 c 168 s 14;
- 35 (20) RCW 11.68.010 and 1994 c 221 s 50, 1977 ex.s. c 234 s 18, 1974
- 36 ex.s. c 117 s 13, 1969 c 19 s 1, & 1965 c 145 s 11.68.010;
- 37 (21) RCW 11.68.020 and 1974 ex.s. c 117 s 14 & 1965 c 145 s
- 38 11.68.020;

- 1 (22) RCW 11.68.030 and 1977 ex.s. c 234 s 19, 1974 ex.s. c 117 s 2 15, & 1965 c 145 s 11.68.030; and
- 3 (23) RCW 11.68.040 and 1977 ex.s. c 234 s 20, 1974 ex.s. c 117 s 4 16, & 1965 c 145 s 11.68.040.
- 5 **Sec. 205.** 1997 c 252 s 89 (uncodified) is amended to read as 6 follows:
- 7 Sections 1 through ((73 of this act)) <u>72, chapter 252, Laws of 1997</u>
- 8 apply to estates of decedents dying after December 31, 1997. <u>Sections</u>
- 9 81 through 86, chapter 252, Laws of 1997 apply to all estates, trusts,
- 10 and governing instruments in existence on or at any time after March 7,
- 11 1984, and to all proceedings with respect thereto after March 7, 1984,
- 12 whether the proceedings commenced before or after March 7, 1984, and
- 13 including distributions made after March 7, 1984. Sections 81 through
- 14 86, chapter 252, Laws of 1997 do not apply to any governing instrument,
- 15 the terms of which expressly or by necessary implication make the
- 16 application of sections 81 through 86, chapter 252, Laws of 1997
- 17 <u>inapplicable</u>. The judicial and nonjudicial dispute resolution
- 18 procedures of chapter 11.96 RCW apply to sections 81 through 86,
- 19 <u>chapter 252</u>, <u>Laws of 1997</u>.

20 PART III--UNIFORM TRANSFERS TO MINORS ACT

- 21 **Sec. 301.** RCW 11.114.030 and 1991 c 193 s 3 are each amended to 22 read as follows:
- 23 (1) A person having the right to designate the recipient of
- 24 property transferable upon the occurrence of a future event may 25 revocably nominate a custodian to receive the property for a minor
- 26 beneficiary upon the occurrence of the event by naming the custodian
- 27 followed in substance by the words: ".... as custodian for
- 28 (name of minor) under the Washington uniform transfers to
- 29 minors act." The nomination may name one or more persons as substitute
- 30 custodians to whom the property shall be transferred, in the order
- 31 named, if the first nominated custodian dies before the transfer or is
- 32 unable, declines, or is ineligible to serve. The nomination may be
- 33 made in a will, a trust, a deed, an instrument exercising a power of
- 34 appointment, or in a writing designating a beneficiary of contractual
- 35 rights which is registered with or delivered to the payor, issuer, or

36 other obligor of the contractual rights.

p. 23 SHB 2388

- As an alternative to naming a specific person as custodian, the 1 nomination may provide that the custodian may be designated by the 2 legal representative of, or other person specified by, the person 3 4 having the right to designate the recipient of the property described in this subsection. The person having the right of designation of the 5 custodian is authorized to designate himself or herself as custodian, 6 7 if he or she falls within the class of persons eliqible to serve as 8 custodian under RCW 11.114.090(1).
- 9 (2) A custodian nominated under this section shall be a person to 10 whom a transfer of property of that kind may be made under RCW 11 11.114.090(1).
- 12 (3) Instead of designating one specific minor, the designation may
 13 specify multiple persons or a class or classes of persons, but when the
 14 custodial property is actually created under subsection (4) of this
 15 section, it must be constituted as a separate custodianship for each
 16 beneficiary, and each beneficiary's interest in it must be determined
 17 in accordance with the governing instrument and applicable law.
- 18 <u>(4)</u> The nomination of a custodian under this section does not create custodial property until the nominating instrument becomes irrevocable or a transfer to the nominated custodian is completed under RCW 11.114.090. Unless the nomination of a custodian has been revoked, upon the occurrence of the future event the custodianship becomes effective and the custodian shall enforce a transfer of the custodial property pursuant to RCW 11.114.090.

PART IV--INTERNAL REVENUE CODE REFERENCES

- 26 **Sec. 401.** RCW 83.100.020 and 1994 c 221 s 70 are each amended to 27 read as follows:
- 28 As used in this chapter:

25

- 29 (1) "Decedent" means a deceased individual;
- 30 (2) "Department" means the department of revenue, the director of 31 that department, or any employee of the department exercising authority 32 lawfully delegated to him by the director;
- 33 (3) "Federal credit" means (a) for a transfer, the maximum amount 34 of the credit for state taxes allowed by section 2011 of the Internal 35 Revenue Code; and (b) for a generation-skipping transfer, the maximum 36 amount of the credit for state taxes allowed by section 2604 of the 37 Internal Revenue Code;

- 1 (4) "Federal return" means any tax return required by chapter 11 or 2 13 of the Internal Revenue Code;
- 3 (5) "Federal tax" means (a) for a transfer, a tax under chapter 11 4 of the Internal Revenue Code; and (b) for a generation-skipping 5 transfer, the tax under chapter 13 of the Internal Revenue Code;
- 6 (6) "Generation-skipping transfer" means a "generation-skipping 7 transfer" as defined and used in section 2611 of the Internal Revenue 8 Code;
- 9 (7) "Gross estate" means "gross estate" as defined and used in 10 section 2031 of the Internal Revenue Code;
- 11 (8) "Nonresident" means a decedent who was domiciled outside 12 Washington at his death;
- (9) "Person" means any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate, or other entity and, to the extent permitted by law, any federal, state, or other governmental unit or subdivision or agency, department, or instrumentality thereof;
- (10) "Person required to file the federal return" means any person required to file a return required by chapter 11 or 13 of the Internal Revenue Code, such as the personal representative of an estate; or a transferor, trustee, or beneficiary of a generation-skipping transfer; or a qualified heir with respect to qualified real property, as defined and used in section 2032A(c) of the Internal Revenue Code;
- (11) "Property" means (a) for a transfer, property included in the gross estate; and (b) for a generation-skipping transfer, all real and personal property subject to the federal tax;
- 27 (12) "Resident" means a decedent who was domiciled in Washington at 28 time of death;
- 29 (13) "Transfer" means "transfer" as used in section 2001 of the 30 Internal Revenue Code, or a disposition or cessation of qualified use 31 as defined and used in section 2032A(c) of the Internal Revenue Code;
- 32 (14) "Trust" means "trust" under Washington law and any arrangement 33 described in section 2652 of the Internal Revenue Code; and
- (15) "Internal Revenue Code" means, for the purposes of this chapter and RCW 83.110.010, the United States Internal Revenue Code of 1986, as amended or renumbered on January 1, ((1995)) 1998.
- 37 **Sec. 402.** RCW 83.110.010 and 1994 c 221 s 71 are each amended to 38 read as follows:

p. 25 SHB 2388

- 1 As used in this chapter, the following terms have the meanings 2 indicated unless the context clearly requires otherwise.
- 3 (1) "Estate" means the gross estate of a decedent as determined for 4 the purpose of federal estate tax and the estate tax payable to this 5 state;
- 6 (2) "Excise tax" means the federal excise tax imposed by section 7 4980A(d) of the Internal Revenue Code, and interest and penalties 8 imposed in addition to the excise tax;
- 9 (3) "Fiduciary" means executor, administrator of any description, 10 and trustee;
- 11 (4) "Internal Revenue Code" means the United States Internal
 12 Revenue Code of 1986, as ((amended or renumbered on January 1, 1995))
 13 defined in and as of the date specified in RCW 83.100.020;
- 14 (5) "Person" means any individual, partnership, association, joint 15 stock company, corporation, government, political subdivision, 16 governmental agency, or local governmental agency;
- (6) "Persons interested in retirement distributions" means any 17 person determined as of the date the excise tax is due, including a 18 19 personal representative, guardian, trustee, or beneficiary, entitled to 20 receive, or who has received, by reason of or following the death of a decedent, any property or interest therein which constitutes a 21 retirement distribution as defined in section 4980A(e) of the Internal 22 23 Revenue Code, but this definition excludes any alternate payee under a qualified domestic relations order as such terms are defined in section 24 25 414(p) of the Internal Revenue Code;
- (7) "Person interested in the estate" means any person, including a personal representative, guardian, or trustee, entitled to receive, or who has received, from a decedent while alive or by reason of the death of a decedent any property or interest therein included in the decedent's taxable estate;
- 31 (8) "Qualified heir" means a person interested in the estate who is 32 entitled to receive, or who has received, an interest in qualified real 33 property;
- (9) "Qualified real property" means real property for which the election described in section 2032A of the Internal Revenue Code has been made;
- 37 (10) "State" means any state, territory, or possession of the 38 United States, the District of Columbia, or the Commonwealth of Puerto 39 Rico; and

- 1 (11) "Tax" means the federal estate tax, the excise tax defined in 2 subsection (2) of this section, and the estate tax payable to this 3 state and interest and penalties imposed in addition to the tax.
- 4 PART V--MISCELLANEOUS--EFFECTIVE DATES
- NEW SECTION. Sec. 501. Part headings and section captions used in this act are not any part of the law.
- NEW SECTION. Sec. 502. Sections 101 through 116 of this act constitute a new chapter in Title 11 RCW.
- 9 <u>NEW SECTION.</u> **Sec. 503.** (1) Sections 101 through 116 and 118 of 10 this act take effect January 1, 1999.
- 11 (2) Sections 117, 201 through 205, 301, 401, and 504 of this act
- 12 are necessary for the immediate preservation of the public peace,
- 13 health, or safety, or support of the state government and its existing
- 14 public institutions, and take effect immediately.
- 15 <u>NEW SECTION.</u> **Sec. 504.** (1) Sections 201 through 205 of this act
- 16 are remedial in nature and apply retroactively to July 27, 1997, and
- 17 thereafter.
- 18 (2) Section 301 of this act is remedial in nature and applies
- 19 retroactively to July 1, 1991, and thereafter.

--- END ---

p. 27 SHB 2388